

CASE 2384: Application of WASCO OIL
CO. for permission to directionally
drill a well - Eddy County, N. Mex.

1052/10.

2394

Application, Transcript,
and Exhibits, Etc.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 871
SANTA FE

October 16, 1961

Mr. S. H. Cavin
Hondo Oil & Gas Company
Box 1000
Roswell, New Mexico

Re: Case No. 2394
Order No. R-2089
Applicant:
Hondo Oil & Gas Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

OTHER Guy Buell (Pan American)
 R. M. Anderson (Sinclair)
 Hendy E. Meadows (Humble)
 William R. Loar (Sunray)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2394
Order No. R-2089

APPLICATION OF HONDO OIL & GAS
COMPANY FOR PERMISSION TO DIREC-
TIONALLY DRILL, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 4, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 13th day of October, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Hondo Oil & Gas Company, seeks permission to directionally drill a well to be located 2310 feet from the North line and 1980 feet from the East line of Section 26, Township 17 South, Range 38 East, NMPM, Eddy County, New Mexico.

(3) That the applicant intends to directionally drill said well in such a manner as to bottom the well 100 feet from the South line and 1980 feet from the East line of said Section 26.

(4) That Pan American Petroleum Corporation and Sinclair Oil & Gas Company seek the dismissal of the applicant's request due to the failure of the application and advertisement to specify that said well would be bottomed at an unorthodox location in said Section 36.

(5) That Case No. 2394 should be dismissed without prejudice to the applicant.

-2-

CASE No. 2394
Order No. R-2089

IT IS THEREFORE ORDERED:

That Case No. 2394 is hereby dismissed.

Done at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



E. L. Mechem

EDWIN L. MECHEM, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

A. L. PORTER, JR., Member & Secretary

esr/

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 5, 1961

Mr. William R. Loar
Chief Proration Engineer
Sunray Mid-Continent Oil Company
P. O. Box 2039
Tulsa 2, Oklahoma

Re: Case No. 2394 - Hondo Oil & Gas
Company, Eddy County, New Mexico

Dear Bill:

Your letter of October 2, 1961, concerning Hondo's case to directionally drill, was not received until this morning and therefore was not made a part of the record in that case. Hondo did encounter objection from Humble, Pan American and Shell, and the case is being dismissed due to the inadequacy of the notice.

A new case is being docketed for our October 25th examiner hearing which will set forth, in more detail, what Hondo actually intends to do in this matter and where the bottom hole location of their well will be.

Very truly yours,

RICHARD S. MORRIS
Attorney

RSM/esr

C
O
P
Y



Sunray Mid-Continent Oil Company

P. O. Box 2038

Tulsa 2, Oklahoma

October 2, 1961

PG-6

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Case No. 2394
Location Exception
Hondo Oil & Gas Company
Eddy County, New Mexico

Gentlemen:

In reference to New Mexico Oil Conservation Commission Case No. 2394 which has been set for hearing October 4, 1961, it is our understanding that Hondo Oil & Gas Company proposes to bottom their directionally drilled well in Section 26, Township 17 South, Range 28 East, approximately 50 feet from the unit line. Sunray Mid-Continent Oil Company, as an operator in the Empire Abo Pool, recommends adherence to the spacing rules, and any advantage gained by a location exception should be compensated for by a production penalty.

Very truly yours,

SUNRAY MID-CONTINENT OIL COMPANY

William R. Loar
Chief Proration Engineer

WRL:lc

cc: Pan American Petroleum Corporation
P. O. Box 1410
Fort Worth 1, Texas
Attention: Mr. Glen King

CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION TELEGRAM

1201 (4-60)

SYMBOLS
DL = Day Letter
NL = Night Letter
LT = International
Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

TLA144 SSA350 *Chal 2398* 1961 SEP 13 PM 2 45
L RWA067 PD=ROSWELL NMEX 13 236 P MST=
OIL CONSERVATION COMMISSION, ATTN DAN NUTTER=
SANTA FE NMEX=

BY LETTER THIS DATE WE HAVE APPLIED FOR PERMISSION TO
DIRECTIONALLY DRILL TEST WELL LOCATED 1980 FEL AND 2310
FNL SECTION 26 17-28 EDDY COUNTY NEW MEXICO AND
REQUESTED THIS MATTER BE SET FOR HEARING AT EARLY DATE
WE WILL APPRECIATE THIS BEING SET FOR FIRST EXAMINER
HEARING IN OCTOBER IF POSSIBLE PLEASE ADVISE BY RETURN
COLLECT WIRE IF YOU HAVE NOT RECEIVED APPLICATION BY
TWELVE NOON SEPTEMBER 14=

HONDO OIL AND GAS CO BY S H CAVIN==
1980 FEL 2310 FNL 26 17-28 14 • • • TS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1201 (4-60)

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=International Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

LA 165 DB 36 1

1961 OCT 2 PM 5 08

D MDA 189 PD=MIDLAND TEX 2 443P CST=

A L PORTER JR, NEW MEXICO OIL CONSERVATION COMM=
STATE LAND OFC BLDG SANTA FE NMEX=.

IN REGARD TO CASE (2394) SET FOR HEARING ON OCTOBER 4,
IT HAS JUST COME TO HUMBLE'S ATTENTION THAT THE
PROPOSED BOTTOM HOLE LOCATION OF THE DIRECTIONAL WELL
IN QUESTION WILL BE LESS THAN 330 FEET FROM A LEASE
LINE. IN ORDER THAT THE EFFECT OF THIS PROPOSAL ON
OTHER EMPIRE ABO FIELD PRODUCERS MAY BE EVALUATED, IT
IS REQUESTED THAT HEARING ON THIS CASE BE DEFERRED
APPROXIMATELY THIRTY DAYS=

HUMBLE OIL & REFINING CO BY HENRY E MEADOWS=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 4, 1961

9:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING ----- SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, as alternate examiner:

CONTINUED CASE

CASE 2367: Application of Skelly Oil Company for an unorthodox gas proration unit in the Jalmat Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool, consisting of the NE/4, NW/4 SE/4, N/2 SW/4 and SW/4 SW/4 of Section 17, Township 23 South, Range 37 East, Lea County, New Mexico; said unit is to be dedicated to the E. L. Steeler Well No. 7, located 1980 feet from the South line and 660 feet from the West line of said Section 17.

NEW CASES

CASE 2388: In the matter of the hearing called by the Oil Conservation Commission to permit Juan J. (John J.) Moya and all interested parties to appear and show cause why the Jones Well No. 1, located 1650 feet from the South line and 990 feet from the East line of Section 7, Township 30 North, Range 11 West, San Juan County, New Mexico, should not be plugged.

CASE 2389: Application of Shell Oil Company for approval of the Cabezon Unit Agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cabezon Unit Agreement embracing lands in Townships 16 and 17 North, Ranges 2, 3 and 4 West, Rio Arriba County, New Mexico.

CASE 2390: Application of Continental Oil Company for a 320-acre non-Standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool, comprising the S/2 of Section 7, Township 23 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the Stevens B-7 Well No. 1, located 990 feet from the South and West lines of said Section 7.

CASE 2391: Application of Continental Oil Company for a 320-acre non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool, comprising the S/2 of Section 25, Township 23 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the Lynn B-25 Well No. 2, located 990 feet from the South and West lines of said Section 25.

CASE 2392: Application of Continental Oil Company for a 240-acre non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit in the Jalmat Gas Pool, comprising the NW/4 and W/2 NE/4 of Section 23, Township 22 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the Meyer B-23 Well No. 3, located 1980 feet from the North line and 660 feet from the West line of said Section 23.

CASE 2393: Application of Continental Oil Company for a 240-acre non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit in the Jalmat Gas Pool, comprising the SE/4 and E/2 NE/4 of Section 23, Township 22 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the Meyer B-23 Well No. 2, located 990 feet from the South line and 1650 feet from the East line of said Section 23.

CASE 2394: Application of Hondo Oil & Gas Company for permission to directionally drill, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks permission to directionally drill a well to be located 2310 feet from the North line and 1980 feet from the East line of Section 26, Township 17 South, Range 28 East, Eddy County, New Mexico.

CASE 2395: Application of Nash, Windfohr & Brown for the establishment of a limiting gas-oil ratio in the Jackson-Abo Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a limiting gas-oil ratio of 4000: 1 in the Jackson-Abo Pool in Township 17 South, Range 30 East, Eddy County, New Mexico.

CASE 2396: Application of C. W. Trainer for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to locate his Hobbs Well No. 1 at an unorthodox oil well location in the Hobbs Pool, 2545 feet from the North line and 1184 feet from the East line of Section 34, Township 18 South, Range 38 East, Lea County, New Mexico.

CASE 2397: Application of Reading and Bates, Inc. for a temporary exception to Rule 107 (d), Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a temporary exception to Rule 107 (d) to permit the production of oil from its Simms Federal Well No. 1 located in Section 34, Township 18 South, Range 30 East, North Benson Queen Pool, Eddy County, New Mexico, without installing tubing.

CASE 2398: Application of Ford Chapman for a 42.35-acre non-standard oil proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 42.35-acre non-standard oil proration unit in an undesignated Delaware pool comprising Lot 12, Section 34 and Lot 9, Section 35, all in Township 26 South, Range 29 East, Eddy County, New Mexico, said unit to be dedicated to the Curtis Hankamer Gulf-Federal Pipkin No. 1 Well, located 330 feet from the South line and 605 feet from the East line of said Section 34.

CASE 2399: Application of Texaco Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location in the Paduca- Delaware Pool for its Cotton Draw Unit Well No. 54, located 1980 feet from the North line and 2339 feet from the East line of Section 28, Township 25 South, Range 32 East, Lea County, New Mexico.

CASE 2400: Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its C. H. Weir "A" Well No. 7, located in Unit L, Section 12, Township 20 South, Range 37 East, Lea County, New Mexico, as a triple completion in the Eumont Gas, Skaggs Glorieta, and Skaggs-Drinkard Pools, with production of oil from the Drinkard and Glorieta zones to be through parallel strings of 2 3/8 inch tubing and the production of gas from the Eumont Gas Pool through the tubing-casing annulus.

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Hondo Oil & Gas Company

Box ~~1000~~ 1000
Roswell, New Mexico
September 13, 1961

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Re: Application for Permission to Utilize
Whipstock or Other Method of Deviating
Well Bore in a Predetermined Direction
for Hondo-Western-Yates Well to be
Located 1980' from the East Line and
2310' from the North Line of Sec. 26,
T-17S, R-28E, N.M.P.M., Eddy County,
New Mexico.

Gentlemen:

Hondo Oil & Gas Company, Operator for Hondo Oil & Gas Company,
a corporation, Western Development Company of Delaware, a corpora-
tion, and Yates Brothers, a partnership, together doing business as
Hondo-Western-Yates, hereby makes application for permission to
utilize a whipstock or other method of deviating well bore in a pre-
determined direction in the drilling of a test well in the above
described location pursuant to Rule 111-B.

In support of this application, Hondo Oil & Gas Company states
the following:

1. Hondo-Western-Yates is the owner and Hondo Oil & Gas
Company is the operator of all producing rights be-
low 500 feet below the top of the San Andres formation
on Hondo-Western-Yates State 647 Lease insofar as the
same covers the SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 26, Township 17 South,
Range 28 East, N.M.P.M., Eddy County, New Mexico.
2. There is no diversity of royalty ownership underlying
the above described lease.
3. In order to justify drilling on the spacing unit in
question it is necessary to complete the well in the
portion of the spacing unit most likely to be suitable
for normal completion procedures.


Handwritten:
Submitted
9-17-61
[Signature]

4. Hondo-Western-Yates is the owner and Hondo Oil & Gas Company is the operator of all producing rights below 500 feet below the top of the San Andres formation on Hondo-Western-Yates State 647 Lease insofar as the same covers spacing units offsetting unit on which the proposed well is to be drilled.
5. The granting of applicant's request in this case is in the interest of conservation, will protect correlative rights and will not create any danger of waste.

It is hereby respectfully requested that this matter be set for hearing at any early date.

Yours very truly,

HONDO-WESTERN-YATES
BY HONDO OIL & GAS COMPANY,
OPERATOR

By 
S. H. Cavin,
Resident Attorney

ATWOOD & MALONE
LAWYERS

JEFF D. ATWOOD (1983-1960)
ROSS L. MALONE
CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER

P. O. DRAWER 700
TELEPHONE MAIN 2-6221
ROSWELL PETROLEUM BUILDING
ROSWELL, NEW MEXICO

September 29, 1961

Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Re: Case No. 2394 before the Oil Conservation Commission
of the State of New Mexico

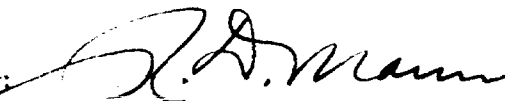
Gentlemen:

We are local counsel for Pan American Petroleum Corporation and as such wish to enter our appearance in the above captioned case. Pan American will also be represented by either Guy Buell or Curtis Condra, both members of the Texas Bar and company employees. The actual presentation for Pan American will be made by either Mr. Buell or Mr. Condra.

Yours very truly,

ATWOOD & MALONE

By:



RDM/bl

cc: J. K. Smith, Esquire
Guy Buell, Esquire
Curtis Condra, Esquire

Case 2394

Heard 10-4-61

Rec. 10-5-61

1. Dismiss this case on motion of Pan Am. & Sinclair because the advertisement does not cover the NSL needed to bottom well. 100 ft. from lease line. Covers only the request to directional drill.
2. Holdo ~~will~~ submit a new application by 10-9-61 in order to be on the Oct. 23. hearing.

Thurston D. [Signature]

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

IN THE MATTER OF:)
Application of Hondo Oil & Gas)
Company for permission to direc-)
tionally drill, Eddy County,)
New Mexico.)

CASE NO. 2394

TRANSCRIPT OF HEARING

OCTOBER 4, 1961



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

October 4, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Hondo Oil & Gas Company
for permission to directionally drill,
Eddy County, New Mexico. Applicant, in
the above-styled cause, seeks permission
to directionally drill a well to be lo-
cated 2310 feet from the North line and
1980 feet from the East line of Section 26,
Township 17 South, Range 28 East, Eddy County,
New Mexico.

CASE NO. 2394

TRANSCRIPT OF HEARING

BEFORE:

Elvis A. Utz, Examiner

EXAMINER UTZ: We will call Case No. 2394.

MR. MORRIS: Application of Hondo Oil & Gas Company
for permission to directionally drill, Eddy County, New Mexico.

MR. CAVIN: S. H. Cavin, employed by Hondo in Roswell
appearing for Hondo in this case. Hondo is seeking an order
granting us permission to directionally drill a well to be lo-
cated 1980 feet from the East line of Section 26 and 2310 feet
from the North line, Section 26, Township 17 South, Range 28
East, NMPM, Eddy County, New Mexico. Our only witness will be

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325.1182

ALBUQUERQUE, N. M.
PHONE 243.6691



J. R. McMinn.

EXAMINER UTZ: Are there any other appearances in this case?

MR. BUELL: Guy Buell representing Pan American Petroleum Company. Mr. Examiner, I will have a preliminary motion to make when all of the appearances are in.

EXAMINER UTZ: Are there any other appearances in this case?

MR. ANDERSON: R. M. Anderson, representing Sinclair Oil.

EXAMINER UTZ: Are there other appearances?

Let the record show there are none.

MR. BUELL: May it please the examiner, we have been informally advised that the actual objective of this hearing is to bottom the well which is the subject matter of this hearing at what will be an unorthodox location. If that informal advice is actually the case, I will have a motion I would like to make. I think in all fairness to the applicant, I should make the motion before he puts any of his testimony or exhibits in, so in view of that, I wonder if it would be proper if I could inquire at this time if that is the objective of the application, to bottom the subject well at what would be an unorthodox location.

EXAMINER UTZ: I am sure you can. As a matter of fact, I'd like to know myself.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 245-6661



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6531

MR. CAVIN: Hondo has no objection. That is correct. We are applying to bottom the well approximately 100 feet north of the south line of the spacing unit on which the well is drilled.

EXAMINER UTZ: How far from any side lines?

MR. CAVIN: No more than 100 feet closer to any line.

EXAMINER UTZ: Any line of the forty-acre tract?

MR. CAVIN: Right

EXAMINER UTZ: Does that answer your question, Mr. Buell?

MR. BUELL: Yes, Mr. Examiner. In view of the statement by Hondo to the effect that their intention is to locate this well, bottom the well at an unorthodox location, in view of that, on behalf of Pan American I would like to move that this subject case be dismissed in that the Notice of Hearing is completely insufficient to give the Commission jurisdiction to approve bottoming this well at an unorthodox location.

Notice is completely silent with respect to any aspect of the bottom hole location being in an unorthodox location. For that reason, Pan American would like to move this subject case be dismissed and if the applicant wants, proper application and a proper notice should issue to cover the real objective of the applicant.

MR. ANDERSON: Sinclair concurs with Pan American in that motion.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1102

ALBUQUERQUE, N. M.
PHONE 243-6341

MR. MORRIS: Before ruling upon this motion, I think that a telegram should be read into the record from the Humble Oil & Refining Company, signed by Henry E. Meadows, addressed to Mr. A. L. Porter, Jr., New Mexico Oil Conservation Commission, State Land Office Building, Santa Fe.

It reads as follows: "In regard to Case 2394 set for hearing on October 4, it has just come to Humble's attention that the proposed location of the directional well will be less than 330 feet from the lease line. In order that the effect of this proposal on other Empire Abo producers may be evaluated, it is requested that hearing on this case be deferred approximately thirty days."

Mr. Examiner, I interpret this as being a request for the continuance of this case and it should be considered in the event you rule unfavorably upon Mr. Buell's motion to dismiss. If you should rule upon Mr. Buell's motion in his favor, then it would not be necessary to rule upon Humble's request for a continuance.

EXAMINER UTZ: Mr. Cavin, do you have anything to say before I rule?

MR. CAVIN: I think Hondo would like to state unless the parties making the objection are offset owners or directly can show some direct damage, that they might sustain from the granting of this application, that the application in itself stated the location of the well. I don't think that there



would be any question that what the Commission would require the well be bottomed on this particular spacing unit. In view of that, I would like to see this case heard at the present time.

MR. BUELL: Whether or not Pan American or Sinclair are offset operators cannot, in my opinion, cure a defective notice. I don't see how any reasonably minded person, be he lawyer or layman, reading this notice, would infer, would get directly from that notice that this will be an orthodox location. Such is not the case.

The notice is completely silent on that aspect. In my opinion, the Commission, if it hears the case, will have no jurisdiction to issue any kind of valid order granting an unorthodox location. Offset operator or not, that has no bearing.

EXAMINER UTZ: Is Pan American an offset operator?

MR. BUELL: I don't think so. We are a substantial operator in the field. I don't believe we directly offset this particular tract.

EXAMINER UTZ: Who are your offset operators?

MR. CAVIN: Hondo Western Yates, which is the working interest owner in this spacing unit owns all of the units surrounding this one on which the well is to be drilled.

EXAMINER UTZ: Your argument is that since you have an interest in the field --

MR. BUELL: Pan American is a substantial operator in the field and anything of an unorthodox nature that occurs



in the pool can have a significant and a substantial effect on Pan American.

EXAMINER UTZ: In what manner, allowables?

MR. BUELL: In that this is a continuous reservoir, Mr. Examiner, and anything that affects part of it is eventually going to affect all of us, whether right up next to the well or a mile from that well.

EXAMINER UTZ: Mr. Buell, the application was for permission to directionally drill but is actually a non-standard location and the application is completely silent as to where you intend to bottom this well. The case was advertised as a directionally drilled hole, in which case you would have to have a hearing. I believe that this case is improperly advertised. It does not cover both sides of the case and I will recommend to the Commission that they dismiss the case and re-advertise it if you so desire.

MR. CAVIN: We will accept that ruling.

MR. BUELL: Thank you, Mr. Examiner.

* * * *

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6601



STATE OF NEW MEXICO)
COUNTY OF SAN JUAN) ss.

I, THOMAS F. HORNE, Notary Public in and for the County of San Juan, State of New Mexico, do hereby certify that the foregoing and attached transcript of hearing was reported by me in Stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 29 day of October, 1961, in the City of Farmington, County of San Juan, State of New Mexico.

Thomas F. Horne
Notary Public

My commission expires:

10-2-65

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner's office of case no. 2394 heard by me on Oct. 4, 1961.

Thomas F. Horne, Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-660